

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 101600Z MAY 74

FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 4683

S E C R E T SECTION 1 OF 2 KINGSTON 1641

EXDIS

PASS TO OPIC

EO 11652: GDS

TAGS: EMIN, PINT, US, JA

SUBJECT: BAUXITE SITREP 43

1. MINISTER OF MINES AND NATURAL RESOURCES, ALLEN ISAACS CALLED UPON CHARGE LAST EVENING AT HIS RESIDENCE. MEETING TOOK PLACE AT ISAACS' INITIATIVE. THE MINISTER WAS IN AN EXTREMELY DEPRESSED FRAME OF MIND AND SAID THAT HE WAS DISCOURAGED ABOUT THE PROSPECTS FOR A SUCCESSFUL OUTCOME TO THE CURRENT NEGOTIATIONS BETWEEN THE BAUXITE INDUSTRY AND THE GOVERNMENT. HE REPORTED THAT HE HAD THAT AFTERNOON ATTENDED A MEETING IN THE PRIME MINISTER'S OFFICE CHAIRED BY PRIME MINISTER MANLEY AND ATTENDED BY DAVID COORE, MINISTER OF FINANCE, ERIC BELL, MINISTER OF COMMUNICATIONS (PRESUMABLY THERE IN HIS CAPACITY AS ACTING FLOOR LEADER IN THE HOUSE OF REPRESENTATIVES), VIVIAN BLAKE, MINISTER OF STATE IN THE MINISTRY OF INDUSTRY AND TOURISM, AND ATTORNEY GENERAL ROBINSON. ACCORDING TO ISAACS, PM BEGAN MEETING BY SAYING THAT IT MUST NOW BE ASSUMED THAT THE NEGOTIATIONS WOULD FAIL AND THAT THE GOVERNMENT WOULD NEXT WEEK IMPOSE ITS REVENUE DEMANDS BY MEANS OF LEGISLATION. ISAACS INDICATED THAT MANLEY, FAR BEING DEPRESSED BY THIS PROSPECT, SEEMED ELATED AND SAID THAT HE HAD DECIDED TWO YEARS AGO THAT SOONER OR LATER HIS GOVERNMENT WOULD HAVE TO MOVE AGAINST THE COMPANIES, ULTIMATELY TAKING THEM

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OVER ENTIRELY

2. ISAACS REPORTED THAT CURRENT PLANS WERE TO TABLE LEGISLATION INCREASING REVENUE FROM BAUXITE BY 100 MILLION DOLLARS A YEAR ABOVE CURRENT LEVELS FOR A TOTAL OF 120 -125 MILLION PER YEAR. (IT SHOULD BE NOTED THAT THIS IS CONSIDERABLY LESS THAN THE MOST RECENT DEMAND BY GOVERNMENT IN THE LAST ROUND OF NEGOTIATING SESSIONS).

3. ISAACS ALSO REPORTED THAT A DECISION WAS MADE IN THE COURSE OF A MEETING THAT GOJ WOULD NOT PARTICIPATE IN ANY FORM OF INTERNATIONAL ARBITRATION (SUCH AS ICSID) FOR REASONS OF NATIONAL SOVEREIGNTY EVEN THOUGH IT MIGHT BE OBLIGATED TO DO SO UNDER ITS CONTRACTS WITH SEVERAL OF THE COMPANIES.

4. ISAACS SAID THAT EXTENSIVE PUBLIC RELATIONS CAMPAIGN WAS BEING PREPARED NOT ONLY AGAINST THE COMPANIES, BUT ALSO AGAINST THE UNITED STATES AND WOULD BE LAUNCHED NEXT WEEK IF THE NEGOTIATIONS COLLAPSE ONCE AGAIN AS THE PRIME MINISTER EXPECTED

5. ISAACS SAID THAT THE ACTIONS CONTEMPLATED HAD BEEN QUESTIONED TO SOME DEGREE BY HIMSELF, COORE, ROBINSON, AND BLAKE, BUT THAT MANLEY RODE ROUGHSHOD OVER ALL THE OPPOSITION AND WAS IN COMPLETE CONTROL OF THE SITUATION. ISAACS SAID THAT THE PRIME MINISTER TOOK HIS ROLE NOT ONLY AS A NATIONAL LEADER, BUT A LEADER OF THE THIRD WORLD WITH DESPERATE SERIOUSNESS AND REGARDED HIMSELF AS HAVING A RENDEVOUS WITH DESTINY IN THE FORTHCOMING CONFRONTATION WITH THE BAUXITE COMPANIES AND THE UNITED STATES

6. ISAACS CLOSED THE MEETING WITH CHARGE BY URGING THE USG TO TAKE A STRONG STAND IN OPPOSITION TO THE COURSE THE GOJ SEEMS TO HAVE EMBARKED UPON NOT ONLY FOR ITS OWN SAKE, BUT FOR THE SAKE OF JAMAICA AS WELL WHICH HE BELIEVED WILL BE THE REAL LOSER IN THE EVENT OF A CONFRONTATION

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7. CHARGE RESPONDED BRIEFLY OUTLINING OUR POLICY TO DATE WITH RESPECT TO THE NEGOTIATIONS EMPHASIZING OUR REFUSAL TO BECOME INVOLVED IN THE SUBSTANCE OF THE ISSUE AND OUR DESIRE NOT TO BE DRAWN INTO A CONFRONTATION WITH THE JAMAICAN GOVERNMENT. HOWEVER, CHARGE MADE IT CLEAR THAT, IF THE OGJ TOOK EXAGGERATED UNILATERAL ACTION SUCH AS LEGISLATION, A CONFRONTATION WOULD ALMOST CERTAINLY

RESULT DESPITE OUR EARNEST DESIRE TO AVOID IT. CHARGE ADDED THAT, WHILE WE UNDERSTOOD HIS WISH THAT USG TAKE A STRONG STAND AT THE PRESENT TIME, OUR LEVERAGE BOTH WITH THE GOJ AND THE COMPANIES WAS LIMITED, AND THAT FOR THE MOMENT AT LEAST NOBODY WAS BETTER PLACED THAN THE MINISTER HIMSELF FOR MOUNTING A VIGOROUS COUNTER ATTACK. CHARGE SUGGESTED THAT, ALTHOUGH THE MINISTER HAD NOT BEEN INTIMATELY INVOLVED IN THE NEGOTIATIONS AND WAS NOT A MEMBER OF MANLEY'S INNER CIRCLE, HE WAS NONTHELESS A MEMBER OF THE CABINET, A RESPECTED ELDER STATESMAN, AND WHEN ALL WAS SAID AND DONE THE RELEVANT MINISTER WHEN IT CAME TO RELATIONS WITH THE BAUXITE INDUSTRY. ISAACS REPLIED THAT HE HAD HOPED TO AVOID THIS KIND OF CONFLICT AT THE END OF HIS CAREER AND THAT HE WAS ESPECIALLY SAD AT THE THOUGHT OF A RIFT WITH THE PNP PARTY TO WHICH HE HAD DEVOTED THE BETTER PART OF HIS LIFE; BUT PERHAPS IT WAS BETTER TO GO DOWN IN FLAMES THAN TO BE SIMPLY PUSHED ASIDE. HEWITT

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8. COMMENT: ISAACS IS, OF COURSE, FAR FROM DIS-INTERESTED OR OBJECTIVE IN HIS VIEWS HAVING BEEN PUSHED ASIDE BY MANLEY AND CONFINED TO THE LESS IMPORTANT AND INTERESTING PARTS OF HIS OWN PORTFOLIO (WATER RESOURCES, ETC). NEVERTHELESS, HIS REPORTING OF FACTS AND HIS WARNINGS OF THE PROBABLY COURSE OF EVENTS IN CONVERSATIONS WITH THE CHARGE OVER THE PAST SEVEN MONTHS HAVE BEEN MORE RIGHT THAN WRONG. WHAT HE SUGGESTS IS THAT THE GOJ

IS IN FACT NEGOTIATING IN BAD FAITH AND NEVER INTENDED TO MAKE A REASONABLE SETTLEMENT WITH THE INDUSTRY. DOUBTLESS THIS GREATLY EXAGGERATES THE CASE, BUT WE HAVE SEEN SOME EVIDENCE TO SUPPORT IT IN RECENT WEEKS. FOR EXAMPLE, IT HAS BECOME INCREASINGLY CLEAR THAT MANLEY IS AS MUCH CONCERNED WITH HIS OWN AND HIS COUNTRY'S ROLE IN THE THIRD WORLD AS HE IS WITH JAMAICA'S PAROCHIAL INTERESTS. THIS NOTE WAS STRUCK IN MANLEY'S CONVERSATION WITH CHARGE ON MAY 8 AND EMERGED EVEN MORE STRONGLY IN A CONVERSATION BETWEEN MANLEY AND THE CANADIAN HIGH COMMISSIONER THE SAME DAY. IN ADDITION, IT HAS SEEMED FROM TIME TO TIME DURING THE PAST SIX WEEKS THAT GOVERNMENT REPRESENTATIVES WERE NOT ONLY UNIMPRESSED BY THE LENGTHY ECONOMIC ARGUMENTS OF THE INDUSTRY, BUT WERE ACTUALLY BORED WITH THEM.

9. ON THE OTHER SIDE, THERE IS A FAIRLY STRONG ARGUMENT
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SUGGESTING THAT THE GOVERNMENT AT LEAST BEGAN THE NEGOTIATIONS IN GOOD FAITH. THIS IS THE PRESENCE AND KEY ROLE OF MEYER MATALON WHO, FOR ALL HIS SWASH-BUCKLING AND PRACTICAL PERSONALITY, IS COMPLETELY DEDICATED TO PRIVATE ENTERPRISE AND ITS PRESERVATION, AND WHO IS FAR TOO SHREWD TO BE TAKEN IN BY A CHARADE OR TO LEND HIS NAME TO IT.

10. ON BALANCE IT SEEMS LIKELY THAT WHAT HAS HAPPENED IS A REPLAY OF THE STRUGGLE BETWEEN "RADICAL" AND MODERATE GROUPS WITHIN THE OGJ THAT TOOK PLACE LAST DECEMBER AND JANUARY WHEN THE INITIAL GOVERNMENT NEGOTIATING POSITION WAS BEING HAMMERED OUT. THE "RADICALS" APPEARED TO HAVE LOST THAT ARGUMENT AND THE MODERATES SEEMED TO EMERGE IN CONTROL OF THE SITUATION. HOWEVER, IN THE COURSE OF BEHIND THE SCENES MANOEUVRING DURING THAT PERIOD THE "RADICALS" MAY HAVE SUCCEEDED IN FORCING THE GOJ OPENING POSITION TO SUCH A HIGH LEVEL THAT THE AGREEMENT BETWEEN THE GOVERNMENT AND THE INDUSTRY WAS UNLIKELY AND SINCE THEN HAVE SIMPLY BEEN BIDDING THEIR TIME. HAVING FAILED TO ACHIEVE AN AGREEMENT, MODERATES ARE AT A DISADVANTAGE IN COUNSELLING CONTINUED CAUTION AND NEGOTIATION. WHATEVER THE EXPLANATION, ISAACS' REPORT DOES NOT CONTRIBUTE TO OPTIMISM ABOUT THE OUTCOME OF NEXT WEEKS' DISCUSSIONS. HEWITT

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